

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In Re: W.R. GRACE & CO., et al., Debtors.	§ § § § § §	Chapter 11 Jointly Administered Case No. 01-01139 (JKF)
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**FEE AUDITOR'S FINAL REPORT REGARDING
FEE APPLICATION OF BAKER DONELSON BEARMAN CALDWELL &
BERKOWITZ FOR THE FOURTEENTH INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Interim Fee Application of Baker Donelson Bearman Caldwell & Berkowitz, P. C. for the Fourteenth Interim Period (the "Application").

BACKGROUND

1. Baker Donelson Bearman Caldwell & Berkowitz, P. C. ("Baker Donelson") was retained as advisor for legislative affairs to the Debtors. In the Application, Baker seeks approval of fees totaling \$136,000.00 and costs totaling \$810.95 for its services from February 1, 2004, through September 30, 2004.

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2001, and the United States Trustee Guidelines for Reviewing

Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. 330, Issued January 30, 1996, (the "Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals.

DISCUSSION

3. We note that this is Baker Donelson's first fee application. In its Application, the firm states that by the Court order dated June 16, 2004, the Debtors were authorized to retain Baker Donelson to advise the Debtors, their counsel, and their Board of Directors with respect to legislative affairs and current pending and future legislative affairs and such other related services as the Debtors may deem necessary or desirable, effective as of April, 2001 (the "Retention Order"). The Retention Order authorizes Debtors to compensate Baker Donelson on a flat rate in the amount of \$17,000.00 per month for services rendered plus reimbursement of actual and necessary expenses incurred by Baker Donelson.

4. We note that Baker Donelson lists 258 hours for services rendered from February 1, 2004, through September 30, 2004. This computes to an effective hourly rate of \$527.13.

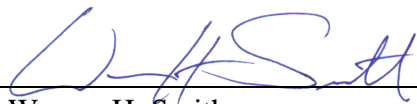
5. We have no objections to, or issues with, the Application, and thus we did not send an initial report to Baker Donelson.

CONCLUSION

6. Thus we recommend approval of fees totaling \$136,000.00 and costs totaling \$810.95 for Baker Donelson's services from February 1, 2004, through September 30, 2004.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.


By: 
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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served First Class United States mail to the attached service list on this 7th day of March, 2005.


Warren H. Smith

SERVICE LIST

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